

9R Limited

And its subsidiaries

Registration Number: 199307300M

Condensed Interim Financial Statements

For the Six Months Ended 30 June 2024

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		% Change
		6 Months Ended		
		30.06.24 Unaudited S\$'000	30.06.23 Unaudited S\$'000	
Revenue	4	5,267	4,131	27
Cost of sales		(1,388)	(2,644)	(48)
Gross profit		<u>3,879</u>	<u>1,487</u>	NM
Other income		943	204	NM
Administrative expenses		(3,093)	(1,434)	NM
Marketing and distribution expenses		(80)	(37)	NM
Other operating expenses		(1,908)	(829)	NM
Results from operating activities		<u>(259)</u>	<u>(609)</u>	(57)
Finance costs		(155)	(39)	NM
Loss before tax	6	<u>(414)</u>	<u>(648)</u>	(36)
Income tax expenses	7	(175)	(91)	92
Loss for the period		<u>(589)</u>	<u>(739)</u>	(20)
Other comprehensive income, net of tax				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		20	171	(88)
Other comprehensive income, net of tax		<u>20</u>	<u>171</u>	(88)
Total comprehensive loss for the period		<u>(569)</u>	<u>(568)</u>	-
Loss for the period attributable to:				
Owners of the Company		<u>(589)</u>	<u>(739)</u>	(20)
Total comprehensive loss for the period attributable to:				
Owners of the Company		<u>(569)</u>	<u>(568)</u>	-
Loss per share attributable to owners of the Company (cents)				
Basic loss per share	9	<u>(0.06)</u>	<u>(0.07)</u>	
Diluted loss per share	9	<u>(0.06)</u>	<u>(0.07)</u>	

NM – not meaningful

B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30.06.24	31.12.23	30.06.24	31.12.23
		Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
Non-current assets					
Property, plant and equipment	11	14,005	8,735	-	-
Intangible assets	12	7,358	2,586	-	-
Contract assets		-	35	-	-
Investment in subsidiaries		-	-	7,958	7,958
Deferred tax assets		56	56	-	-
		<u>21,419</u>	<u>11,412</u>	<u>7,958</u>	<u>7,958</u>
Current assets					
Inventories		1,428	1,184	-	-
Trade receivables		222	176	-	-
Contract assets		69	85	-	-
Other receivables		1,217	1,528	45	124
Amount due from subsidiaries		-	-	5,668	508
Income tax receivables		276	206	-	-
Cash and cash equivalents		2,933	3,941	1,645	2,991
		<u>6,145</u>	<u>7,120</u>	<u>7,358</u>	<u>3,623</u>
Total assets		<u>27,564</u>	<u>18,532</u>	<u>15,316</u>	<u>11,581</u>
Current liabilities					
Lease liabilities		1,416	501	-	-
Contract liabilities		105	94	-	-
Trade payables		514	284	-	-
Other payables	13	3,962	1,601	46	315
Provision for restoration cost		127	127	-	-
Provision for warranty		3	2	-	-
		<u>6,127</u>	<u>2,609</u>	<u>46</u>	<u>315</u>
Non-current liabilities					
Lease liabilities		5,983	4,570	-	-
Other payables	13	520	-	-	-
Deferred tax liabilities		93	93	-	-
		<u>6,596</u>	<u>4,663</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>12,723</u>	<u>7,272</u>	<u>46</u>	<u>315</u>
Equity					
Share capital	14	128,245	124,095	128,245	124,095
Treasury shares	14	(528)	(528)	(528)	(528)
Accumulated losses		(114,001)	(113,412)	(133,042)	(132,896)
Other reserves		1,125	1,105	20,595	20,595
Total equity		<u>14,841</u>	<u>11,260</u>	<u>15,270</u>	<u>11,266</u>
Total equity and liabilities		<u>27,564</u>	<u>18,532</u>	<u>15,316</u>	<u>11,581</u>

C. Condensed Interim Statements of Changes in Equity

	Note	Share Capital S\$'000	Treasury Shares S\$'000	Accumulated Losses S\$'000	Other Reserves S\$'000	Total Equity S\$'000
Group						
Balance as at 1 January 2024		124,095	(528)	(113,412)	1,105	11,260
Loss for the period		-	-	(589)	-	(589)
Currency translation differences		-	-	-	20	20
Total comprehensive loss for the period		-	-	(589)	20	(569)
Issuance of shares	14	4,150	-	-	-	4,150
Balance as at 30 June 2024		128,245	(528)	(114,001)	1,125	14,841
Group						
Balance as at 1 January 2023		123,898	(528)	(108,155)	970	16,185
Loss for the period		-	-	(739)	-	(739)
Currency translation differences		-	-	-	171	171
Total comprehensive loss for the period		-	-	(739)	171	(568)
Issuance of shares	14	144	-	-	(15)	129
Balance as at 30 June 2023		124,042	(528)	(108,894)	1,126	15,746

C. Condensed Interim Statements of Changes in Equity (con'd)

	Note	Share Capital S\$'000	Treasury Shares S\$'000	Accumulated Losses S\$'000	Other Reserves S\$'000	Total Equity S\$'000
Company						
Balance as at 1 January 2024		124,095	(528)	(132,896)	20,595	11,266
Loss for the period		-	-	(146)	-	(146)
Issuance of new shares	14	4,150	-	-	-	4,150
Balance as at 30 June 2024		128,245	(528)	(133,042)	20,595	15,270

	Note	Share Capital S\$'000	Treasury Shares S\$'000	Accumulated Losses S\$'000	Other Reserves S\$'000	Total Equity S\$'000
Company						
Balance as at 1 January 2023		123,898	(528)	(127,170)	20,616	16,816
Loss for the period		-	-	(345)	-	(345)
Issuance of new shares	14	144	-	-	(15)	129
Balance as at 30 June 2023		124,042	(528)	(127,515)	20,601	16,600

D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	6 Months Ended	
	30.06.24	30.06.23
	Unaudited	Unaudited
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(414)	(648)
Adjustments for:		
Depreciation of property, plant and equipment	1,828	487
Finance costs	155	39
Finance income	(32)	-
Gain on lease termination	(8)	-
Reversal of loss allowance on trade receivables	(532)	-
Reversal of loss allowance on other receivables	(356)	-
Unrealised loss on foreign exchange	27	383
	<u>668</u>	<u>261</u>
Changes in:		
- inventories	(56)	(1,012)
- trade receivables	667	(1,573)
- contract assets	51	(234)
- other receivables, deposits and prepayments	403	867
- trade payables	(104)	196
- other payables and accruals	(2,045)	(1,315)
- contract liabilities	(32)	11
Cash used in operations	<u>(448)</u>	<u>(2,799)</u>
Interest received	32	-
Tax refund	10	-
Tax paid	(186)	(147)
Net cash used in operating activities	<u>(592)</u>	<u>(2,946)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(136)	(185)
Proceeds from disposal of asset held-for-sale	-	43
Proceeds from disposal of plant and equipment	75	-
Acquisition of subsidiary, net of cash	614	(613)
Net cash generated from / (used in) investing activities	<u>553</u>	<u>(755)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	-	129
Payment of loans and borrowings	-	(172)
Payment of lease liabilities	(814)	(341)
Interest paid	(155)	(39)
Net cash used in financing activities	<u>(969)</u>	<u>(423)</u>

D. Condensed Interim Consolidated Statement of Cash Flows (con'd)

	Group	
	6 Months Ended	
	30.06.24	30.06.23
	Unaudited	Unaudited
	S\$'000	S\$'000
Net decrease in cash and cash equivalents	(1,008)	(4,124)
Net effect of exchange rate changes in the balance of cash held in foreign currencies	- *	-
Cash and cash equivalents as at 1 January	3,941	11,841
Cash and cash equivalents as at 30 June	2,933	7,717

* Less than S\$1,000

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Domicile and activities

9R Limited (“**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The registered office of the Company is located at 20 Collyer Quay #11-07 Singapore 049319.

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The Group is principally engaged in lifestyle retail business and supply chain management.

The condensed interim financial statements of the Group as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual audited consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), except for the adoption of new and amended standards as set out in Note 2.1.

These interim financial statements are presented in Singapore dollar (“**S\$**”) which is also the functional currency of the Company, unless otherwise indicated. All financial information presented in S\$ has been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

During the current financial period, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2024:

- *Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current*
- *Various: Non-current Liabilities with Covenants*
- *Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements*
- *Amendments to SFRS(I) 1-16: Lease Liability in a Sale and Leaseback*

The adoption of the above amendments to SFRS(I)s did not result in material changes to the Group’s accounting policies and is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the current or prior reporting periods.

2.2 Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

The following summary describes the operations in each of the Group's reportable segments:

Lifestyle retail business	Provision of interactive lifestyle entertainment and food and beverage services
Supply chain management	Distribution of artificial intelligence-powered robotics products and health and wellness products
Others	Investment holdings; ownership and charter of assets

4.1 Reportable segments

1 January 2024 to 30 June 2024	Lifestyle retail business S\$'000	Supply chain management S\$'000	Others S\$'000	Total reportable segment S\$'000	Elimination S\$'000	Total S\$'000
External revenue	5,218	49	-	5,267	-	5,267
Inter-segment revenue	-	9	-	9	(9)	-
Loss from operations	(2,728)	(350)	(183)	(3,261)	-	(3,261)
Depreciation of property, plant and equipment	1,819	6	3	1,828	-	1,828
Finance costs	166	92	52	310	(155)	155
Finance income	-	-	(187)	(187)	155	(32)
Gain on lease termination	-	8	-	8	-	8
Reversal of loss allowance on trade receivables	-	532	-	532	-	532
Reversal of loss allowance on other receivables	356	-	-	356	-	356
Profit / (Loss) before tax	(387)	288	(315)	(414)	-	(414)
Income tax expenses	(175)	-	-	(175)	-	(175)
Profit / (Loss) for the period	(562)	288	(315)	(589)	-	(589)
Reportable segment assets	24,220	1,757	16,368	42,345	(14,781)	27,564
Reportable segment liabilities	17,609	4,846	3,693	26,148	(13,425)	12,723

1 January 2023 to 30 June 2023	Lifestyle retail business S\$'000	Supply chain management S\$'000	Others S\$'000	Total reportable segment S\$'000	Elimination S\$'000	Total S\$'000
External revenue	1,918	2,213	-	4,131	-	4,131
Loss from operations	(268)	(126)	(618)	(1,012)	(341)	(1,353)
Depreciation of property, plant and equipment	469	18	-	487	-	487
Finance costs	38	1	-	39	-	39
Unrealised loss on foreign exchange	188	20	175	383	-	383
Other income	(204)	-	-	(204)	-	(204)
Profit / (Loss) before tax	223	(87)	(443)	(307)	(341)	(648)
Income tax expenses	(91)	-	-	(91)	-	(91)
Profit / (Loss) for the period	132	(87)	(443)	(398)	(341)	(739)
Reportable segment assets	11,251	4,642	16,779	32,672	(11,233)	21,439
Reportable segment liabilities	9,502	4,342	568	14,412	(8,719)	5,693

4.2 Disaggregation of revenue

Segment revenue is disaggregated into geographical location and timing of recognition.

	Group		
	Lifestyle retail business	Supply chain management	Total
	S\$'000	S\$'000	S\$'000
1 January 2024 to 30 June 2024			
Geographical location			
Malaysia	5,218	45	5,263
Singapore	-	4	4
	<u>5,218</u>	<u>49</u>	<u>5,267</u>
Timing of recognition			
At a point in time	5,218	31	5,249
Over time	-	18	18
	<u>5,218</u>	<u>49</u>	<u>5,267</u>

	Group		
	Lifestyle retail business	Supply chain management	Total
	S\$'000	S\$'000	S\$'000
1 January 2023 to 30 June 2023			
Geographical location			
Malaysia	1,918	672	2,590
Singapore	-	1,541	1,541
	<u>1,918</u>	<u>2,213</u>	<u>4,131</u>
Timing of recognition			
At a point in time	1,918	2,213	4,131

5. Financial Assets & Financial Liabilities

The following table sets out the financial assets and liabilities as at the end of the reporting period ended:

	Group		Company	
	30.06.24	31.12.23	30.06.24	31.12.23
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets:				
Amortised cost				
Trade receivables	222	176	-	-
Other receivables *	972	1,288	27	-
Amounts due from subsidiaries	-	-	5,668	508
Cash and cash equivalents	2,933	3,941	1,645	2,991
	<u>4,127</u>	<u>5,405</u>	<u>7,340</u>	<u>3,499</u>
Financial liabilities:				
Amortised cost				
Trade payables	514	284	-	-
Other payables **	4,343	1,559	46	315
Lease liabilities	7,399	5,071	-	-
	<u>12,256</u>	<u>6,914</u>	<u>46</u>	<u>315</u>

* Exclude advances to suppliers, GST receivables and prepayments.

** Exclude service tax payables and GST payables.

6. Loss before tax

Significant items

The following items have been included in arriving at loss before tax for the six months ended:

	Group	
	6 Months Ended	
	30.06.24	30.06.23
	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,828	487
Audit fee	19	46
Directors' fees	72	75
Gain on lease termination	(8)	-
Reversal of loss allowance on trade receivables	(532)	-
Reversal of loss allowance on other receivables	(356)	-
Staff costs (excluding directors' fees)	1,719	643

7. Income tax expenses

The Group calculates the income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 Months Ended	
	30.06.24	30.06.23
	S\$'000	S\$'000
Current income tax expenses		
- current financial period	175	91

8. Dividends

No dividend was paid for the current financial period reported on.

9. Loss per share

(i) Basic loss per share

	Group	
	6 Months Ended	
	30.06.24	30.06.23
Loss attributable to equity holders of the Company (S\$'000)	(589)	(739)
Weighted average number of ordinary shares ('000) ⁽¹⁾	1,038,398	1,006,408
Basic loss per share ("EPS") (S\$ cents) ⁽¹⁾	(0.06)	(0.07)

Note:

1) EPS have been computed based on the weighted average share capital of 1,038,397,765 shares (excluding 159,230 treasury shares) and 1,006,407,853 shares (excluding 159,230 treasury shares) for the respective six months ended 30 June 2024 and 30 June 2023.

(ii) Diluted loss per share

The diluted loss per share was not presented as the outstanding dilutive potential ordinary shares are antidilutive. Accordingly, the diluted loss per share for the six months ended 30 June 2024 and 30 June 2023 was the same as the basic loss per share.

10. Net asset value

	Group		Company	
	30.06.24	31.12.23	30.06.24	31.12.23
Net asset value (S\$'000)	14,841	11,260	15,270	11,266
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,079,896	1,010,731	1,079,896	1,010,731
Net asset value per ordinary share (S\$ cents)	1.37	1.11	1.41	1.11

11. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired plant and equipment amounting to S\$136,077 (30 June 2023: S\$185,656). There was disposal of plant and equipment amounting to S\$74,657 (30 June 2023: Nil) during the six months ended 30 June 2024.

12. Intangible assets

	Group	
	30.06.24 S\$'000	31.12.23 S\$'000
<u>Cost</u>		
As at 1 January	2,586	3,588
Acquisition of subsidiaries	4,772	-
	7,358	3,588
Impairment during the period / year	-	(1,002)
Carrying amount	7,358	2,586

The intangible assets represent goodwill. Goodwill is allocated to the Group's cash-generating units ("CGU") identified that are expected to benefit from business combinations, being Compact Sensation Sdn. Bhd. ("CSSB"), Lavish Pearl Sdn. Bhd. ("LPSB"), Booming Gain Sdn. Bhd. ("BGSB"), Redbox (1st Avenue) Sdn. Bhd. ("RBSB"), Sunlight Ventures Sdn. Bhd. ("SVSB"), Lovely Pyramid Sdn. Bhd. ("LOVE"), Majestic Glory Sdn. Bhd. ("MGSB") and Cheer Bonanza Sdn. Bhd. ("CBSB") with a carrying amount of S\$7,358,096.

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired. The estimate of the recoverable amount is determined based on value-in-use calculations. Cash flow projection used in this calculation was based on financial budgets covering a five-year period.

During the previous financial year, impairment loss on goodwill of S\$1,001,914 arising from the acquisition of Compact Sensation Sdn. Bhd. was recognised mainly due to uncertainty in forecasted

revenue as revenue generated has peaked in previous financial years, causing annual growth rate to be forecasted at a lower rate.

13. Other payables

	Group		Company	
	30.06.24 S\$'000	31.12.23 S\$'000	30.06.24 S\$'000	31.12.23 S\$'000
Non-current				
Amounts due to shareholder	520	-	-	-
Current				
Accrued operating expenses	280	947	10	122
Customers deposits	-	3	-	-
Service tax payables	139	42	-	-
Other payables	2,950	609	36	193
Amounts due to shareholder	593	-	-	-
	3,962	1,601	46	315
Total other payables	4,482	1,601	46	315

As at 30 June 2024, amounts due to shareholder represent amounts payable for the acquisition of subsidiaries including contingent consideration of S\$847,574, are non-trade in nature, unsecured, interest-free and repayable on demand.

14. Share capital and treasury shares

	Group and Company			
	30.06.24	31.12.23	30.06.24	31.12.23
	Number of shares		Amount S\$'000	
As at 1 January	1,010,889,995	1,006,487,845	124,095	123,898
Add:				
Issuance of new shares	-	4,402,150	-	197
Issuance of new shares to vendor	69,165,000	-	4,150	-
End of financial period / year	1,080,054,995	1,010,889,995	128,245	124,095

On 6 February 2024, 69,165,000 new ordinary shares were allotted and issued to Body Power Sdn. Bhd. as part of settlement for acquisition of LPSB, BGSB, RBSB, SVSB, LOVE, MGSB and CBSB amounting to S\$4,149,900.

On 22 June 2023, 3,213,550 new ordinary shares were allotted and issued due to exercise of warrants at S\$0.04 per Warrant for each new share amounting to S\$128,542. Subsequently, on 18 July 2023, 100,000 new ordinary shares were allotted and issued due to exercise of warrants at S\$0.04 per Warrant for each new share amounting to S\$4,000. On 26 July 2023, 1,088,600 new ordinary shares were allotted and issued due to exercise of warrants at S\$0.04 per Warrant for each new share amounting to S\$43,544.

	Group and Company			
	30.06.24	31.12.23	30.06.24	31.12.23
	Number of shares		Amount	
		S\$'000	S\$'000	
Total number of issued shares	1,080,054,995	1,010,889,995	128,245	124,095
Number of treasury shares	(159,230)	(159,230)	(528)	(528)
Net number of issued shares	1,079,895,765	1,010,730,765	127,717	123,567

Warrants

	Group and Company	
	30.06.24	31.12.23
As at 1 January	263,766,908	268,169,058
Exercise of warrants	-	(4,402,150)
No. of shares that may be issued upon conversion of all outstanding convertibles in relation to the warrants of the Company	263,766,908	263,766,908
% against the total number of issued share (excluding treasury shares)	24.43%	26.10%

Treasury Shares

	Group			
	30.06.24	31.12.23	30.06.24	31.12.23
	No. of ordinary shares		S\$'000	S\$'000
As at 1 January	159,230	159,230	528	528

The Company had 159,230 treasury shares as at 30 June 2024 and 31 December 2023. The treasury shares held constitute 0.01% and 0.02% of the total number of ordinary shares outstanding as at 30 June 2024 and 31 December 2023 respectively.

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current and previous financial period reported on.

There were no subsidiary holdings as at the end of the current and previous corresponding financial period reported on.

15. Subsequent events

On 1 July 2024, 4,419,150 new ordinary shares in the capital of the Company were allotted and issued to Body Power Sdn. Bhd. at an issue price of S\$0.06 for each consideration share as part of the settlement for acquisition of LPSB, BGSB, RBSB, SVSB, LOVE, MGSB and CBSB amounting to S\$265,149, which is the balance amount after netting off the aggregate of S\$690,837 owed by Body Power Sdn. Bhd. and its subsidiaries to the Group.

On 29 July 2024, the Company allotted and issued 70,000 ordinary shares amounting to S\$2,800 due to Warrants being exercised at S\$0.04 per warrant for each new share.

On 6 August 2024, the Company allotted and issued 245,500 ordinary shares amounting to S\$9,820 due to Warrants being exercised at S\$0.04 per warrant for each new share.

On 7 August 2024, the Company allotted and issued 306,700 ordinary shares amounting to S\$12,268 due to Warrants being exercised at S\$0.04 per warrant for each new share.

F. Other information required by Appendix 7C of the Catalyst Rules

1. Review

The condensed interim consolidated statements of financial position of the Group as at 30 June 2024 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statements of changes in equity and condensed interim consolidated statement of cash flows for the six months ended and certain explanatory notes have not been audited or reviewed.

1.1 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern)

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

2. Review of the performance of the Group

Consolidated Statement of Comprehensive Income

The Group recorded revenue of S\$5.27 million for the six months ended 30 June 2024, compared to S\$4.13 million for the six months ended 30 June 2023. Revenue was primarily generated from the lifestyle retail segment, with growth attributed to (i) the operation of a new karaoke outlet at The Exchange TRX mall in Kuala Lumpur, Malaysia that opened in December 2023, contributing six months of revenue; and (ii) the completed acquisition of seven additional karaoke outlets in February 2024, which further increased revenue in 2024. The significant decline of revenue in the supply chain segment was primarily due to the downsizing of this business segment. Cost of sales decreased from S\$2.64 million to S\$1.39 million, which was primarily due to reduced purchases in the supply chain segment following its downsizing. The events mentioned above resulted in an increase of gross profit from S\$1.49 million to S\$3.88 million.

The increase in other income from S\$0.20 million to S\$0.94 million was primarily due to the reversal of loss allowances for trade receivables and other receivables, reflecting a significant improvement in the expected collectability of these debts. Administrative expenses increased from S\$1.43 million to S\$3.09 million, which was primarily due to the completed acquisition of seven Redbox karaoke outlets, whose expenses were incorporated into the Group, and an increase in headcount. Additionally, the Group's other operating expenses and finance costs increased following the acquisition, with higher depreciation of right-of-use assets leading to the rise in other operating expenses and increased interest on lease liabilities driving up finance costs accordingly.

As a result of the above, the Group recorded a loss of S\$0.59 million for the six months ended 30 June 2024 as compared to S\$0.74 million for the six months ended 30 June 2023.

Consolidated Statement of Financial Position

Non-current assets

Following the completion of acquisition of seven Redbox karaoke outlets, the Group's non-current assets (mainly consists of property, plant and equipment and intangible assets) increased by S\$10.01 million from S\$11.41 million as at 31 December 2023 to S\$21.42 million as at 30 June 2024. The intangible assets, which represent goodwill on acquisition of subsidiaries increased by S\$4.77 million from S\$2.59 million to S\$7.36 million.

Current assets

The Group's current assets decreased by S\$0.97 million, from S\$7.12 million as at 31 December 2023 to S\$6.15 million as at 30 June 2024, primarily due to the decrease in other receivables and cash and bank balances. The decrease in other receivables of S\$0.31 million was due to reversal of a deposit paid for the acquisition of the seven Redbox karaoke outlets. Meanwhile, the decrease in cash and cash equivalents of S\$1.01 million was mainly due to acquisition of plant and equipment and funding of operating expenditures. However, the decrease in other receivables and cash and bank balances was partially offset by increase in inventories, trade receivables and income tax receivables, resulting from the consolidation of assets under the seven Redbox karaoke outlets acquired.

Current liabilities

The Group's current liabilities increased by S\$3.52 million from S\$2.61 million as at 31 December 2023 to S\$6.13 million as at 30 June 2024, primarily due to the increase in trade payables, other payables and lease liabilities, resulting from the consolidation of current liabilities under the seven Redbox karaoke outlets acquired. Included in other payables is an amount of S\$0.59 million representing the balance consideration payable for the acquisition of the subsidiaries, including contingent consideration of S\$0.33 million.

Non-current liabilities

The Group's non-current liabilities increased by S\$1.94 million from S\$4.66 million as at 31 December 2023 to S\$6.60 million as at 30 June 2024, primarily due to the increase in lease liabilities, resulting from the consolidation of the seven Redbox karaoke outlets acquired. Other payables amounting to S\$0.52 million representing the contingent consideration payable for the acquisition of the subsidiaries.

Equity

Total equity increased by S\$3.58 million due to increase in share capital of S\$4.15 million, which form part of the settlement of acquisition price for the acquisition of seven Redbox karaoke outlets, offset by current year total comprehensive losses of S\$0.57 million.

The Group has a positive working capital of S\$0.02 million as at 30 June 2024.

Consolidated Statement of Cash Flows

The Group's net cash used in operating activities is at S\$0.59 million for the period ended 30 June 2024. The net cash outflow from operations was mainly due to changes in working capital.

Net cash generated from investing activities amounted to S\$0.55 million which was attributed to the proceeds from disposal of plant and equipment of S\$0.08 million and the acquisition of subsidiaries of S\$0.61 million, being other reserve and cash and bank balances at the date of control the subsidiaries. This was offset by acquisition of plant and equipment, which amounted to S\$0.14 million.

Net cash outflow from financing activities amounted to S\$0.97 million mainly due to repayment of lease liabilities and finance costs.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No specific forecast or prospect statement previously disclosed.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Malaysia's GDP growth in Q2 2024 reached an impressive 5.8%, exceeding expectations and signalling robust economic health. Prime Minister Datuk Seri Anwar Ibrahim highlighted that this achievement was driven by strong industrial production, trade, and tourism.⁽¹⁾ Meanwhile, the IMF and economists predict resilience for Malaysia's economy through 2024 and 2025, supported by domestic expenditure and external demand. The growth outlook remains positive, though potential risks such as geopolitical tensions and commodity price fluctuations could temper this optimism.⁽²⁾

For Supply Chain Management Segment, despite the expiration of the agreement between Diverse Supply Chain Sdn. Bhd. and the AI-powered robotics products supplier in China, the Group's supply chain business remains unaffected, as the sale of these robotics products continues. In response to the current unsatisfactory business performance, Management has undertaken two key strategies to address the challenges:

1. **Revised Robot Pricing:** Management has decided to lower the pricing of the robots to a level that allows for cost recovery. This pricing adjustment aims to stimulate sales and improve market competitiveness, ensuring that the costs associated with acquiring and distributing the robots are covered.
2. **Cost-Cutting Measures:** To further mitigate financial strain, Management has implemented several cost-cutting measures which includes savings in warehouse rental and reduction of work force.

Should the robot business fail to meet its performance targets or plans in the next 12 months period (i.e. by 30 June 2025), Management will outline contingency plan which include a revised timeline for exiting the business if necessary.

Following the recent completion of acquisition of seven additional karaoke outlets, the increased number of outlets allows the Group to better leverage its resources, achieve greater economies of

scale, and enhance its competitive advantage. To enhance cost efficiency, Management is rolling out an e-menu system across its outlets, with a completion target by September 2024. This measure is designed to decrease manpower needs and streamline operations. In addition, the Group is currently selecting a central kitchen vendor to improve food preparation, shorten serving times, reduce food waste, and lower staffing requirements.

In conclusion, Malaysia's impressive GDP growth of 5.8% in Q2 2024, coupled with positive economic forecasts, provides a solid backdrop for the Group's operations. Within this context, while the Group is prepared with a contingency plan for the supply chain business, it still remains resilient, effectively addressing challenges from the expiration of the robotics supplier agreement through strategic pricing adjustments and cost-cutting measures. Additionally, the recent expansion in the karaoke segment enhances resource optimisation and competitive positioning. The Group will exercise prudence with its expenditures while striving to achieve satisfactory results without compromising service quality. Despite these efforts, the Group remains cautious about potential impacts on consumer discretionary spending due to recent tax increases and currency weakness. These initiatives underscore the Group's commitment to adapting to economic conditions and maintaining operational excellence to deliver strong results.

- 1) <https://www.thestar.com.my/news/nation/2024/07/20/malaysia039s-58-gdp-growth-in-second-quarter-was-beyond-expectations-says-pm>
- 2) <https://www.nst.com.my/business/economy/2024/05/1051514/malaysias-economy-remain-resilient-2024-2025-imf-economists>
- 3) <https://open.dosm.gov.my/>
- 4) https://storage.dosm.gov.my/gdp/gdp_advance_2024-q2.pdf

5. Use of proceeds

Proceeds from exercise of warrants

As at 26 July 2024, 16,406,500 warrants have been exercised by the warrant holders raising net proceeds of S\$656,260 which were fully utilised for general corporate and working capital as follows:

Summary of expenses	General corporate and working capital S\$
Payment of professional fees	184,829
Payment of administrative expenses	150,902
Payment for deposit for acquisition of Compact Sensation Sdn Bhd	148,182
Repayment of existing shareholders loan	172,347
	<u>656,260</u>

The use of the proceeds is in accordance with the intended use as disclosed in the Company's Offer Information Statement dated 3 June 2022 and the First Supplementary Offer Information Statement dated 9 November 2022.

Proceeds From Private Placement (Completed in November 2022)

On 25 November 2022, the Group announced the completion of proposed placement pursuant to which 250,390,700 placement shares were allotted and issued. Further details on this placement can be found in the Company's SGXNet announcement dated 10 November 2022. The Company has raised net proceeds of S\$12,199,535 after deducting placement expenses. As at 26 July 2024, the net

proceeds from the placement that were utilised are as follows:

Use of net proceeds	Fund allocation	Amount allocation S\$	Amount utilised as at 26 July 2024 S\$	Balances S\$
General corporate and working capital requirements	30%	3,659,861	1,395,252	2,264,609
Proposed diversification of the Group's business	70%	8,539,674	8,539,674	-
Total	100%	12,199,535	9,934,926	2,264,609

A breakdown of the net proceeds from the private placement that were utilised for working capital are:

Summary of expenses	General corporate and working capital S\$
Payment of professional fees	986,865
Payment of administrative expenses	408,387
Total	1,395,252

The use of the proceeds from the placement is accordance with the intended use as disclosed in the Company's announcement.

The Board will continue to update in periodic announcements on the utilisation of the proceeds from the private placement as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and interim financial results announcements.

6. Dividend

(a) Current Financial Period Reported On:

Any dividend declared for the current financial period reported on?

No dividend was declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year:

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Whether the dividend is before tax, net of tax or tax exempt.

Not applicable.

(d) Date payable:

Not applicable.

(e) Record date:

Not applicable.

6.1 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the financial period reported on due to the loss-making financial position of the Company as at 30 June 2024.

7. Interested person transactions (“IPT”)

The Group does not have an existing general mandate from shareholders for IPT. There are no disclosable IPTs during the financial period under review.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

9. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

On 6 February 2024, the Group, through its subsidiary, 9R Leisure Sdn. Bhd., completed its proposed acquisition of 7 target companies from Body Power Sdn. Bhd. Following completion of the proposed acquisition, the target companies have become indirect wholly-owned subsidiaries of the Company. For further information, please refer to the circular dated 14 December 2023.

10. Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the six months ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

MR KHOO KAI YANG
CHIEF EXECUTIVE OFFICER
14 AUGUST 2024

This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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